



Fairchild Aircraft Limited

Annual Report

For the year ended

June 30, 1941



PURVIS HALL
LIBRARIES

FEB 9 1946

MCGILL UNIVERSITY

Fairchild Aircraft Limited

Annual Report

For the year ended
June 30, 1941



FAIRCHILD AIRCRAFT LIMITED

Head Office and Plant
LONGUEUIL, P.Q.

. . .

DIRECTORS

G. H. DUGGAN
W. C. FINLEY
R. B. IRVINE
BEAUDRY LEMAN
HOWARD MURRAY

H. B. NORRIS
H. M. PASMORE
J. G. PORTEOUS
LEO G. RYAN
W. TAYLOR-BAILEY

~~N. F. VANDERLIPP~~

OFFICERS

H. M. PASMORE
President

HOWARD MURRAY
Vice-President

W. TAYLOR-BAILEY
Vice-President

R. B. IRVINE
Secretary-Treasurer

AUDITORS

P. S. ROSS AND SONS

TRANSFER AGENT

MONTREAL TRUST COMPANY

REGISTRAR

GENERAL TRUST OF CANADA

Annual Report of the Directors OF Fairchild Aircraft Limited

YEAR ENDED JUNE 30, 1941

Submitted to Shareholders of the Company at the
Annual Meeting held on October 22, 1941.

TO THE SHAREHOLDERS
FAIRCHILD AIRCRAFT LIMITED:

Your Directors submit for your consideration the Report of the Company's operations for the twelve months ended June 30, 1941, together with the Balance Sheet and the Profit and Loss Account.

PRODUCTION

The year under review has been one of intensified effort to accelerate aircraft deliveries. At the outset, the Management was faced with a lack of essential materials and machine tools and a shortage of skilled labour. Notwithstanding these conditions attributable largely to the unprecedented expansion of the Canadian aircraft industry as a whole, production at the Plant has been increased continuously throughout the twelve month period.

Concurrently with the accelerated operating schedule, the Engineering Staff has been actively engaged in re-designing and improving the particular aircraft now manufactured by the Company.

Under date of February 13, 1941, the Company was awarded a contract by the Department of Munitions and Supply for an additional 80 Bristol Bolingbroke Bomber aircraft, bringing to 169 the total number of aircraft of this type ordered from the Company. In addition to this contract, substantial orders have been received for aircraft spares, gun turrets and other parts.

In April, 1941 an order was received for an additional 80 sets of Hampden aircraft components from Canadian Associated Aircraft, bringing

to 160 the total number of sets of components ordered from the Company. Deliveries are being made as required and it is anticipated that this contract will be completed early in 1942.

Orders received for commercial work were negligible.

SUB-CONTRACTING

In order to attain the required rate of production, much study and intensive planning have been required to insure the desired deliveries of the various component parts ordered from sub-contractors.

The Management duly recognizes the many difficulties encountered by our 80 sub-contractors in conforming to the rigid specifications which aircraft work demands.

It is gratifying to report that there has been a steady increase in the flow of parts from this source of supply.

PLANT EXTENSION

Further additions to Plant have been completed. The Company now has available over 235,000 square feet of manufacturing space compared with 38,000 square feet in 1937.

A runway 4,000 feet in length and 200 feet in width, suitable for the testing of heavy aircraft, has been constructed by the Government within the Plant area.

An extension to the present Machine Shop is now under construction and, upon completion, urgently needed machine tool facilities will become available. The cost of this project is being borne by the Department of Munitions and Supply.

The value of the Buildings, Equipment and other facilities provided by the Department of Munitions and Supply is not included in the Company's Assets set forth on the Balance Sheet, as title to such facilities remains with the Crown.

PERSONNEL

From the beginning of the fiscal year, July 1, 1940, to June 30, 1941, the Company's personnel increased from 1,600 employees to 3,500.

Payrolls for the year totalled \$4,853,756.

Confronted with the urgent demand for increased production, the necessity of obtaining additional skilled labour became a matter of

paramount importance. In order to overcome the shortage of trained men, the Management organized an aircraft training school at the Plant. The benefits derived have been convincingly demonstrated by the attainment of the desired production.

FINANCIAL

The Profit and Loss Account for the year ended June 30, 1941, shows an Operating Profit of \$208,943.43 before provision for Depreciation of Fixed Assets and Inventory of Aircraft.

After these charges, the Net Profit for the twelve months was \$66,525.24 before provision for Income and Excess Profits Taxes of \$27,096.19, compared with \$13,018.18 for the previous year.

Referring to the Balance Sheet, the Fixed Assets indicate a net increase of \$51,066.51. The principal additions consisted of Machinery and Equipment, Furniture and Fixtures, and Land Purchases.

The Company's property has been well maintained.

The Company was honored recently by visits to the Plant by His Royal Highness the Duke of Kent and by His Excellency the Earl of Athlone, Governor-General of Canada.

Your Directors desire to acknowledge the loyalty and energy displayed throughout the year by all employees of the Company.

By order of the Board of Directors.

A handwritten signature in dark ink, appearing to read "J. H. Parnore", with a long, sweeping horizontal stroke extending to the right.

President.

October 1, 1941.

FAIRCHILD AIR BALANCE SHEET A

ASSETS

CURRENT:

Cash on hand and in Bank	\$	30,739.91	
Accounts Receivable—			
Contracts	\$1,295,870.12		
Other	100,951.35	1,396,821.47	
Inventories		1,271,915.86	
(Raw Materials—as shown at 30th June, 1941, by the perpetual inventory records which are subject to periodical verification against actual materials on hand; Work in Process and Supplies—based on physical inventories as at 30th June, 1941; determined and valued by the Management at cost or market whichever was the lower.)			
Uncompleted Contracts—			
Cost to date	\$6,561,683.80		
Less: Amounts billed	6,352,091.25	209,592.55	\$2,909,069.79

Investment—Canadian Associated Aircraft Limited, at cost			166,500.00
--	--	--	------------

FIXED:

Land, at cost less amount written off	\$	49,185.79	
Other Fixed Assets, at cost—			
Test Field, Land and Improvements	\$	97,324.37	
Seaplane Base		21,659.46	
Factory Buildings		363,395.41	
Machinery and Equipment		103,327.91	
Office Furniture and Fixtures		32,276.65	
Railroad Siding		5,304.80	
	\$	623,288.60	
Less: Reserve for Depreciation	265,776.59	357,512.01	406,697.80

Deferred Charges—

Prepaid Taxes, Insurance, etc.			19,691.70
-------------------------------------	--	--	-----------

DEFICIT:

Balance at debit 1st July, 1940	\$	70,264.67	
Deduct: Profit for the year	\$	66,525.24	
Less: Provision for Income and Excess Profits Taxes	27,096.19	39,429.05	30,835.62

Approved on behalf of the Directors.

HOWARD MURRAY,
W. TAYLOR-BAILEY.

\$3,532,794.91

RAFT LIMITED

AT 30TH JUNE, 1941

LIABILITIES

CURRENT:

Bank Loans	\$1,331,500.00	
Secured by—		
(a) Assignment of contracts with:		
Dominion Government and		
Canadian Associated Aircraft Limited		
and		
(b) Deposit of shares representing invest-		
ment in Canadian Associated Aircraft		
Limited.		
Accounts Payable and Accrued Liabilities	1,375,076.18	
Taxes Payable	76 218.73	\$2,782,794.91

5% CONVERTIBLE NOTES:

Authorized and Issued	\$ 150,000.00	
Less: Converted into Capital Stock	39,000.00	

Outstanding 111,000.00

Due—1st October, 1941—40%
 1st October, 1942—20%
 1st October, 1943—20%
 1st October, 1944—20%

CAPITAL STOCK:

Authorized—370,000 Shares, Par Value \$5.00.	
Issued —127,800 Shares	639,000.00

NOTE: Of the unissued shares there are outstanding options to subscribe for 12,000 shares at \$6.00 per share to 1st October, 1941, and in addition 22,200 shares are reserved for conversion of the outstanding 5% Convertible Notes.

Audited and certified in accordance with our attached Report.
 P. S. ROSS & SONS, Chartered Accountants.

MONTREAL, 29th September, 1941.

\$3,532,794.91

FAIRCHILD AIRCRAFT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 1941

Profit from Operations		\$311,049.16
<i>Deduct:</i>		
Executive Officers' Salaries	\$ 44,010.00	
Legal Fees	7,354.32	
Interest on Bank Loans, etc.	45,191.41	
Interest on 5% Convertible Notes	5,550.00	102,105.73
Profit for the year before the undernoted deductions		\$208,943.43
<i>Deduct:</i>		
Provision for Depreciation of Fixed Assets	\$111,073.19	
Provision for Loss on Inventory of Aircraft (Sekani Type)	31,345.00	142,418.19
Net Profit for the year transferred to Deficit Account		<u>\$66,525.24</u>

P. S. ROSS & SONS
Chartered Accountants, Trustees and Liquidators

. . .

ROYAL BANK BUILDING
MONTREAL, QUE.

29th September, 1941.

AUDITORS' REPORT

FAIRCHILD AIRCRAFT LIMITED,
LONGUEUIL, QUE.

We have audited the books of account of Fairchild Aircraft Limited for the year ended 30th June, 1941, and have obtained all the information and explanations we have required.

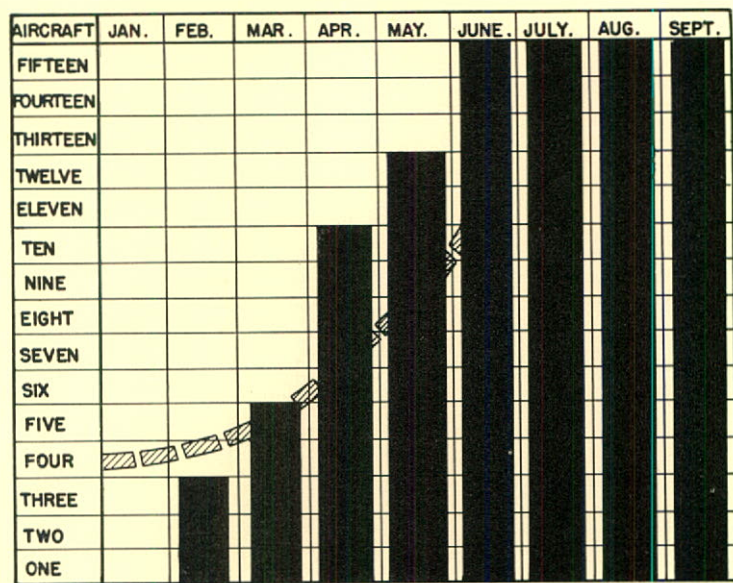
Subject to the adequacy of the provision for Income and Excess Profits Taxes we certify that, in our opinion, the attached Balance Sheet and relative Profit and Loss Account are properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at 30th June, 1941, according to the best of our information, the explanations given to us and as shown by the books of the Company.

(Signed) P. S. ROSS & SONS,
Chartered Accountants

PRODUCTION CHART 1941.

TARGET. 

ACTUAL. 

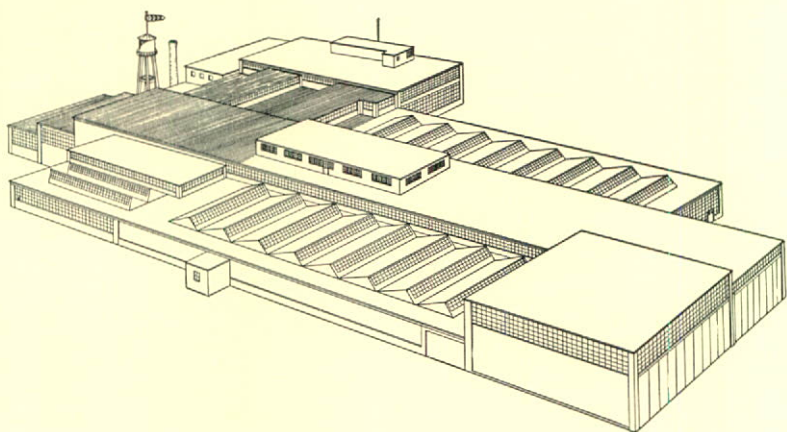


ONE BOMBER

3,000 Specifications — 14,000 Blueprints

600,000 Rivets — 80,000 Detail Parts — 40,000 Man Hours

4 TIMES EVERY WEEK



SHADED AREA 1937 BUILDING

LONGUEUIL PLANT 1941

BOLINGBROKE MARK IV BOMBERS

